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IN THE

Supreme Court of the United States

OCTOBER TERM, 1935.

No. 356

WINE RAILWAY APPLIANCE COMPANY,
Petitioner,

vs.

ENTERPRISE RAILWAY EQUIPMENT CO.,
Respondent.

RESPONDENT'S BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI.

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SUMMARY STATEMENT OF THE QUESTION AND MATTER INVOLVED.

The petition is an attempt to secure a review by the Supreme Court of the United States of the final decree of the Circuit Court of Appeals for the Sixth Circuit upon an issue as to which all of the Circuit Courts of Appeal who have decided the issue are in harmony. Nor is there any conflict in the decisions of the Circuit Courts of Appeals with the intent and language of the only applicable decision of the Supreme Court, namely, *Dunlap* v. *Schofield,* 152 U. S. 244.

Suit was originally instituted by the respondent in the District Court of the United States for the Northern District of Ohio, Western Division against the petitioner charging infringement of certain Letters Patent. On April

25, 1923, the petitioner filed a counterclaim for the infringement of several patents, including Kadel patent 1,434,953. Eventually the Circuit Court of Appeals for the Sixth Circuit found claim 2 of this patent valid and infringed (R. 2; 25 F. (2) 236). As to all of the other patents and claims of patent involved, there was no recovery. The accounting was limited to claim 2 of the identified Kadel patent.

The question presented by the petition arose because of the respondent's insistence that the accounting should begin with the date of the filing of the counterclaim by the petitioner on April 25, 1923. The respondent's contention before the Master, the District Court, and the Circuit Court of Appeals was that since there had been no compliance with Section 4900 Revised Statutes (Title 35, Section 49 U. S. Code) either by the marking of the patented articles or by the alternative method of giving actual notice to the respondent, damages or profits, under the provisions of the statute, were limited to a period beginning with the filing of the counterclaim, the first actual notice of the patent. The petitioner contended that since neither it nor any one with its consent had made any articles under the Kadel patent, it was excused from the provisions and operation of Section 4900 R. S.

The Master and the District Court found that Section 4900 R. S. did not apply (R. 21, 22, 168, 173).

On this issue the decision and decree of the Circuit Court of Appeals, overruling the lower court, held (R. 266; 77 F. (2) 159, 161) that giving the statute a construction to carry out its purpose, limits the remedy of a non-user patentee who has not given notice of infringement to an injunction. Consequently the Court found (R. 227):

> "As no notice was given in this case until the date of the filing of the counterclaim, the period of accounting began on that date."

SUMMARY OF ARGUMENT.

There is no occasion for the allowance of the writ of certiorari in this case for the following reasons:

Point I.

The Circuit Court of Appeals for the Sixth Circuit did not decide the issue involved in a way in conflict with any applicable decision of this Court. *Dunlap* v. *Schofield*, 152 U. S. 244, so far as it is in point, shows the meaning and intent of Section 4900 R. S. (Title 35, Section 49 U. S. Code) to be that as a condition of recovery the patentee or patent owner must either give a constructive notice by marking or actual notice to the accused defendant.

Point II.

The decision of the Circuit Court of Appeals is not in conflict with any decision of any other Circuit Court of Appeals. Every Circuit Court of Appeals which has met the question in issue, namely, those of the Second, Third, Sixth and Eighth Judicial Circuits, has decided that Section 4900 R. S. applies whether or not articles have been made under the patent. A writ of certiorari from the case in the Eighth circuit was denied, 262 U. S. 752, *Flat Slab Patents Co.* v. *Turner*. The only contrary decisions are found in the opinions of District Courts, now largely overruled by their respective Circuit Courts of Appeal; and the opinion of the Court of Claims in *Olsson* v. *United States*, 72 Ct. Cl. 72.

Point III.

The purpose, intent, and legislative history of Section 4900 R. S. are in harmony with the decisions of the Circuit Court of Appeals. The predecessor of the present statute limited its application to

> "cases where an article is made or vended by any person under the protection of letters-patent."

Under the present statute there is no such limitation. It applies by its express terms to three classes of persons:

(1) "all patentees"

(2) "their assigns and legal representatives"

(3) "all persons making or vending any patented article for or under them" (that is licensees).

ARGUMENT.

I.

The decision of the Circuit Court of Appeals is not in conflict with Dunlap v. Schofield, 152 U. S. 244, in the interpretation of Section 4900 R. S.

In comity with the holdings of three coordinate courts (to be discussed under the next point), the Circuit Court of Appeals for the Sixth Circuit held that Section 4900 R. S.

> "requires the patentee or his assignee who does not make or vend the article to give notice of the patent and limits the recovery for infringement thereof to damages sustained thereafter" (R. 227; 77 F. (2) 159, 161).

Such interpretation is not in conflict with *Dunlap* v. *Schofield.* Justice Gray, speaking for the Court in that case, said (152 U. S. 244, 247):

> "The clear meaning of this section is that the patentee or his assignee, if he makes or sells the article patented, cannot recover damages against infringers of the patent, unless he has given notice of his right, either to the whole public by marking his article 'patented,' or to the particular defendants by informing them of his patent and of their infringement of it.
>
> One of these two things, marking the articles, or notice to the infringers, is made by the statute a prerequisite to the patentee's right to recover damages against them. Each is an affirmative fact, and is something to be done by him. Whether his patented articles have been duly marked or not is a matter peculiarly within his own knowledge; and if they are not duly marked, the statute expressly puts upon him the burden of proving the notice to the infringers, before he can charge them in damages."

The first quoted paragraph has been interpreted by some District Courts to mean that only when the patentee or assignee makes or sells the article patented, need he give

notice or mark in order to recover damages. All of the Circuit Courts of Appeals who have considered the issue have decided otherwise. There was not involved in *Dunlap* v. *Schofield* a state of facts upon which to predicate a position that one who does not make is exempt from the obligation to give notice, for the plaintiff in *Dunlap* v. *Schofield* had made and sold the patented article.

The second paragraph of the quoted language, which apparently is not limited solely to the facts before the Court in that case, fortifies our contention in saying that one of two things must be done,—marking or notice.

Further it appears in that case that the plaintiffs had waived all right to an account of profits or to other damages but were allowed a recovery in the nature of a penalty. The patent had expired at the time of the decision in the Supreme Court.

II.

There is complete harmony among the Circuit Courts of Appeals in their interpretation of Section 4900 R. S. Contrary opinions in District Courts have largely been overruled.

Before the decision of the Circuit Court of Appeals for the Sixth Circuit in the instant case, three coordinate courts had decided the issue involved as did the court in the Sixth Circuit.

In two cases decided by the Circuit Court of Appeals for the Eighth Circuit (*Flat Slab Patents Co.* v. *Northwestern Glass Co.*, 281 F. 51; and *Flat Slab Patents Co.* v. *Turner*, 285 F. 257, certiorari denied 262 U. S. 752), it was held that an accounting should begin from the date of actual notice over the contention of the plaintiff that as the evidence showed it had never been engaged in the manufac-

ture or sale of the patented flooring, it was not barred under the statute from the recovery of damages because of the failure to mark or to give notice prior to the bringing of suit. This Court on May 21, 1923, 262 U. S. 752, denied a petition for a writ of certiorari in the *Turner* case. The decisions in these cases are well considered and review at length earlier opinions.

In the Third Circuit is the case of *American Caramel Co.* v. *Mills*, 162 F. 147. The patented device had been used in the business of the plaintiff but there had been no license or sale of the machines. There had been no marking or notification to the defendants until suit was brought. It was held that damages were denied by Section 4900 R. S. The Court said (p. 148):

> "It is immaterial that in the present instance the complainants neither license nor sell their machines, reserving the benefit of the patent for the advantages of their own business."

In the Second Circuit is *Van Meter* v. *United States*, 47 F. (2) 192. None of the patented devices had ever been made. In determining that the accounting must begin with the date of notice, which was by the filing of suit, the court said (196):

> "The inventor who does not manufacture must give notice of infringement * * *. Such notice is a prerequisite to recovery of damages."

This decision by the Circuit Court of Appeals for the Second Circuit reversed the District Court, 35 F. (2) 111, and upheld an earlier decision in *Son* v. *Pressed Steel Car Co.*, 21 F. (2) 528, in a District Court in New York, Judge Thacher presiding. Following the decisions of the Circuit Courts of Appeals in the Third and Eighth circuits, Judge Thacher refused to follow contrary District Court decisions in the Second Circuit.

Likewise the *American Caramel* case in the Third Cir-

cuit overruled earlier district court decisions in that circuit. Judge Dickinson in *Churchward International Steel Co.* v. *Bethlehem Steel Co.*, (Pa). 262 F. 438, a case holding that Section 4900 R. S. applies to process patents, followed the *American Caramel* case.

Of those cases cited by the petitioner, *Campbell* v. *Mayor of New York* (S. D. N. Y.) 81 F. 182, and *Van Meter* v. *United States* (D. C. N. Y.), 37 F. (2) 111, have been overruled. The decision in *Ewart* v. *Baldwin Co.* (D. Mass.) 91 F. 262 has not since been in issue in the Circuit Court of Appeals of the First Circuit. *Wagner* v. *Corn Products Refining Co.*, 28 F. (2) 617, (D. C. N. J.) is in conflict with the decision of the Circuit Court of Appeals for that circuit in *American Caramel Co.* v. *Mills*, 162 F. 147.

Only the decision in *Olsson* v. *United States*, 72 Ct. Cl. 72, 9 Pat. Quar. 111; new trial denied, 72 Ct. Cl. 103, 11 Pat. Quar. 13, is in conflict with the unanimous holdings of the four Circuit Courts of Appeals which have decided the question presented by the petitioner. This court denied the petition from the Eighth Circuit for a writ of certiorari. It should do likewise in this case. The Court of Claims in the *Olsson* case said it was unable to find any convincing reason for the views of the Circuit Courts of Appeals. This statement itself lacks conviction. The opinions referred to speak for themselves.

III.

The intent, purpose and legislative history of Section 4900 R. S. are in accordance with the decisions of the Circuit Courts of Appeals.

The first statute in reference to marking patented articles was enacted August 29, 1842, C. 263, 5 Stat. 543, which required all patentees who made and vended to mark the

patented articles and provided a penalty for not so doing. This was followed by the Act of March 2, 1861, C. 88, 12 Stat. 246 which contained the same requirement and denied the right to damages unless notice was given. Each of these Acts was limited to patentees who made and vended. Then came the Act of July 8, 1870, C. 230, 16 Stat. 198. As a result of the studies and recommendations of Commissioners of Revision appointed pursuant to the Act of June 27, 1866, this committee was not only to simplify and consolidate statutes relating to patents but also to *revise*. (Petition, p. 27.)

Judge Dickinson in *Churchward International Steel Co.* v. *Bethlehem Steel Co.*, 262 F. 441 and the Circuit Court of Appeals for the Eighth Circuit in *Flat Slab Patents Co.* v. *Northwestern Glass Co.*, 281 F. 51, as well as the Circuit Court of Appeals in the instant case, have considered the legislative history of Section 4900 R. S. and each draws the conclusion that because the earlier acts of 1842 and 1861 limited the obligation of notice to persons making or vending any patented article, the absence of such limitation in the Act of 1870 and in Section 4900 R. S. intended to work a change. The present statute applies by its very term to:

(1) "all patentees"

(2) "their assigns and legal representatives"

(3) "all persons making or vending any patented article for or under them".

The limitation to persons who make or vend is not found in the present statute. It will be observed that Section 4900 does not say "all patentees who make or vend" and does not say "assigns and legal representatives who make or vend." The section clearly does say that the three classes of persons named therein, namely, patentees, assignees and legal representatives, and all persons making or vending any patented article for or under them, must

either mark the article of the patent in accordance with the statute or give notice to the accused infringer. Alternative method of giving notice is provided by the statute; so no hardship is worked upon him who does not make or sell.

By the plain language of the statute the duty to mark is imposed on "all patentees and their assigns and legal representatives" without limitation. If the statute means that giving notice is imposed only on those who make or sell, the whole matter could have been disposed of by saying

"all persons who make or vend patented articles."

There would have been no necessity of changing the earlier enactments of the statute.

The change in the present statute from its predecessor, Section 13, Act of March 2, 1861, shows definite intendment upon the part of the legislature to revise and change the statute. The Act referred to reads in part:

> "SECTION 13. And be it further enacted, that in all cases where an article is made or vended by any person under the protection of Letters Patent, it shall be the duty of such persons to give sufficient notice" etc.

The logic of the holdings of the Circuit Courts of Appeals in the Second, Third, Sixth and Eighth Circuits is apparent. The purpose of the Patent Laws is to encourage industry. To hold that one who does not manufacture and so cannot mark, need not give notice,—in other words to exempt him from the provisions of Section 4900, would give to him who holds a patent for his own advantage but who does not give the public the benefit thereof, a premium and advantage over the one who manufactures and encourages and promotes industry. Obviously a statute limiting recovery is not intended to benefit the slothful.

In the interpretation of a statute, the first consideration is what the statute says. The cardinal canon in statutory

construction or interpretation is to enforce expressed language of the statute.

United States v. *Lexington Mill Co.*, 232 U. S. 399.

Braffith v. *Virgin Islands*, 26 F. (2) 646 (C. C. A. 3).

Section 4900 R. S. embodies a change over the previous Act of 1861. Congress intended to make the amendment which it so obviously made. That intent is clear both from the amendment itself and from the title to the Act of 1870 which reads:

> "July 8, 1870 Chap. CCXXX. An Act to revise, consolidate, and **amend** the Statutes relating to Patents and Copyrights." (16 Stat. 203) (Emphasis supplied.)

The title to an Act is considered in determining intent. *Church of the Holy Trinity* v. *United States*, 143 U. S. 457, 462.

The Circuit Court of Appeals in its opinion (R. 227) points out that the only difference between the old statute and the present statute is the requirement by the amendment in the new that the patentee or his assignee who does not make or vend the article must give notice of the patent. This change in the statute is recognized in the opinions of the Circuit Courts of Appeals discussed above and in *Dunlap* v. *Schofield*, 152 U. S. 244.

Conclusion.

The writ of certiorari should not be granted in this case. There is no conflict among the highest courts in each judicial circuit and there is no decision in conflict with any decision of this Court. The decision of the Circuit Court of Appeals follows the intent and purpose of Section 4900 of the Revised Statutes.

It is respectfully prayed that the writ of certiorari be denied.

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APPENDIX.

Section 4900 Revised Statutes:

"It shall be the duty of all patentees, and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word 'patented,' together with the day and year the patent was granted; or when, from the character of the article, this cannot be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice; and in any suit for infringement, by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement, and continued, after such notice to make, use, or vend the article so patented."*

* This is the form of Section 4900 R. S. as it was at the time this suit was instituted and at the time the counterclaim was filed. It has since been amended by the Act of February 7, 1927 (44 Stat. L. 1058) to provide that the marking of the patented article shall be by patent number rather than by the date of issue of the patent. Thus amended it is Title 35, Section 49, U. S. Code.